

1930s: The Great Depression and New Deal

United States History ACP
Social Studies Department
Wellesley High School
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1930s: The Great Depression & New Deal

Essential Questions:

- *How did the Great Depression & the New Deal redefine Americans perception of good government?*
- *Did the New Deal promote or hinder American ideals?*

Focus Questions:

1. What were the causes of the Great Depression?
2. How did Hoover and Roosevelt disagree over the role and responsibilities of government?
3. How did the Depression and the New Deal impact the political, social, economic and cultural landscape of America?
4. To what extent did the New Deal provide the American people with relief, recovery and reform?
5. What were the criticisms of the New Deal in the 1930s?
6. What was the legacy of the New Deal?

Statistics

Change in Gross National Product	
1879-89	+ 6 percent
1889-99	+ 4 percent
1899-1909	+ 4 percent
1909-19	+ 2 percent
1919-29	+ 3 percent
1929-39	0 percent
1939-49	+ 4 percent
1949-59	+ 4 percent
1959-69	+ 4 percent
1969-79	+ 3 percent

GNP in 1929 dollars	
1920	60
1925	80
1929	100
1930	90
1933	70
1937	100
1938	95
1939	100

Average Unemployment Rate	
1879-89	8 percent
1889-99	10 percent
1899-1909	4 percent
1909-19	4 percent
1919-29	4 percent
1929-39	18 percent
1939-49	5 percent
1949-59	4 percent
1959-69	5 percent
1969-79	6 percent

Unemployment as Percentage of the Labor Force	
1900	5 percent
1910	5.9 percent
1920	4 percent
1925	4 percent
1929	3.2 percent
1930	8.7 percent
1932	23.6 percent
1933	24.9 percent
1934	21.7 percent
1935	20.1 percent
1936	16.9 percent
1937	14.3 percent
1938	19 percent
1939	17.2 percent
1940	14.6 percent
1950	5 percent

Bank Failures	
1929	659
1930	1,352
1931	1,456
1932	2,294
1933	5,190

Creation of Federal Regulatory Agencies	
Before 1900	5
1900-09	1
1910-19	4
1920-29	2
1930-39	11
1940-49	2
1950-59	2
1960-69	6
1970-79	20

Organized Labor Membership	
1930	3 million
1935	3 million
1940	9 million
1945	14 million
1950	14 million
1955	15 million
1960	17 million
1965	18 million
1970	20 million
1975	20 million

Federal Spending During the Great Depression as a Percentage of GNP	
1929	3 percent
1930	3 percent
1931	4 percent
1932	8 percent
1933	8 percent
1934	10 percent
1935	9 percent
1936	10 percent
1937	9 percent
1938	8 percent
1939	10 percent

The Nation's Sick Economy....

How did each area of the economy help cause the Great Depression?

1. Industry	2. Agriculture

3. Consumer Spending	4. Distribution of wealth

5. Credit/Stock Market	6. Decreasing Exports

Crop It

Directions: Using the provided images and your cropping tools complete the below questions.

Image One: *Zoom In*

1. Who is the most important person in this picture? CROP IT!
2. What is the tone of this image? CROP IT!
3. What is the most surprising image/object in this picture? CROP IT.
4. Is this picture a good example of the Great Depression? CROP IT!

Image Two: *Crop It Movie*

Directions: You and a partner will be making a crop-it movie. Be sure that each of you have different images. Using your image follow the below steps to create your very own crop-it movie.

Study your image and imagine a story that could have taken place when your picture was taken. Keeping in mind the time period when the photo was taken, identify three images in this photo that you can use to create your crop it movie.

1. Give a title to your movie.
2. Practice your movie and make sure you have three images to match the below criteria:
 - **Engaging Beginning:** Using your image zoom in on one compelling image that will create interest for your viewers.
 - **High Point Middle-** Zoom in on another image that will continue the story you have created with the first image.
 - **Memorable Ending-** Zoom in on a final image that will provide resolution, surprise/twist, or leave the audience wanting more.

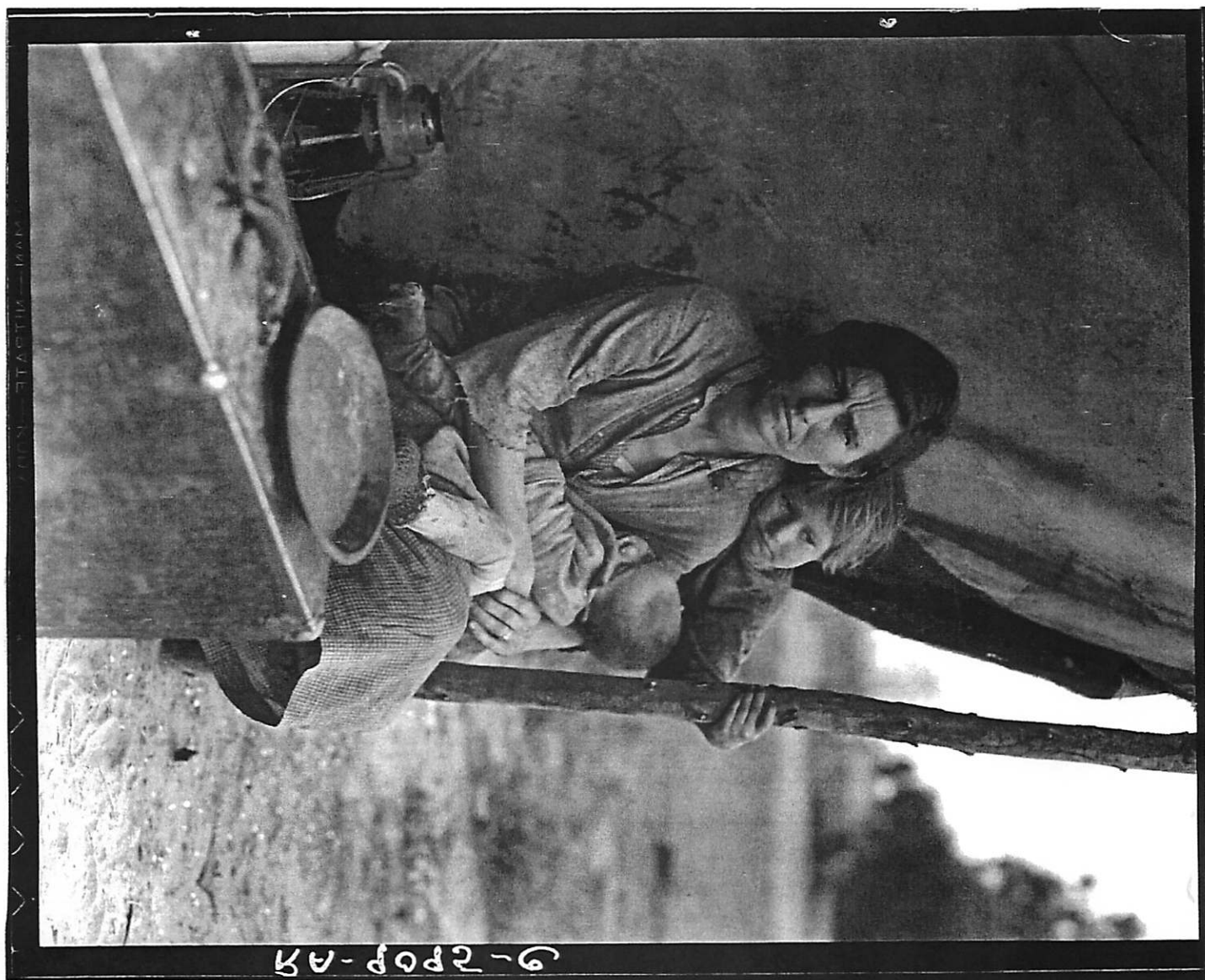
3. Present your movie title to your partner and then silently show the beginning, middle and end of your movie.
4. Have your partner explain what they believe is going on in your movie.
5. Discuss your intent versus your partner's interpretations.
6. Switch and watch your partner's movie-and discuss.

After presenting your movie and “watching” your partners complete the below questions.

1. What impressions do you have of this decade?
2. Did these images reinforce beliefs you already had? Explain.
3. Did you have any surprising discoveries? If so what? If not, why not?

Final Reflection:

What did you learn about perspective?



Name: _____

"Brother, Can You Spare a Dime,"
Lyrics by Yip Harburg, music by Jay Gorney (1931)

As you listen to the song being played, take notes on the melody & where in the song the lyrics seem light-hearted, but the music says otherwise.

They used to tell me I was building a dream, and so I followed the mob,
When there was earth to plow, or guns to bear, I was always there right on the
job.

They used to tell me I was building a dream, with peace and glory ahead,
Why should I be standing in line, just waiting for bread?

Once I built a railroad, I made it run, made it race against time.
Once I built a railroad; now it's done. Brother, can you spare a dime?
Once I built a tower, up to the sun, brick, and rivet, and lime;
Once I built a tower, now it's done. Brother, can you spare a dime?

Once in khaki suits, gee we looked swell,
Full of that Yankee Doodly Dum,
Half a million boots went slogging through Hell,
And I was the kid with the drum!

Say, don't you remember, they called me Al; it was Al all the time.
Why don't you remember, I'm your pal? Buddy, can you spare a dime?

Once in khaki suits, gee we looked swell,
Full of that Yankee Doodly Dum,
Half a million boots went slogging through Hell,
And I was the kid with the drum!

Say, don't you remember, they called me Al; it was Al all the time.
Say, don't you remember, I'm your pal? Buddy, can you spare a dime?

Name:

Date:

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When Should Government Step in?

Read each scenario and write down whether you think the government should step in and what they should do for each scenario.

Scenario**Should Government Get Involved? What should they do?**

1. You work for Ford Motor Company, live in Detroit and have a wife and 5 children. Your wages and the wages of everyone in your department have just been reduced by 25%.
2. 6 month later the Ford Company fires 1,000 workers - including you.
3. It's been another 6 months and you still cannot find a job.
4. The bank takes away your house because you cannot pay your mortgage payments. You move with your family to a lot where hundreds of families just like yourself have taken up residence by building shacks made up of scrap metal and wood. All families living in this shantytown are living in conditions with no plumbing, no heat, no electricity, even no windows - the houses are only 1 rooms
5. Its 6 months later. You still have no job, no one will hire your wife either. Your children have grown out of all of their clothes, which are worn down to threads.
6. Your family is going hungry. You have no money to by food.
7. Everyone in your shantytown is starving. Even your brother and his family in Pittsburgh lost there house and are going hungry.
8. You hear on the news that 25% of the workforce is unemployed.

1.

2.

3.

4.

5.

6.

7.

8.

Herbert Hoover on direct aid

"The importance of the Preservation of Self-Help and the Responsibility of Individual Generosity as Opposed to Deteriorating Effects of Governmental Appropriations"

February 3rd, 1931

This is on an issue as to whether people shall go hungry or cold in the United States. It is solely a question of the best method by which hunger and cold shall be prevented. It is a question as to whether the American people on one hand will maintain the spirit of charity and mutual self help through voluntary giving and the responsibility of local government as distinguished on the other hand from appropriations out of the Federal Treasury for such purposes. My own conviction is strongly that if we break down this sense of responsibility of individual generosity to individual and mutual self help in the country in times of national difficulty and if we start appropriations of this character we have not only impaired something infinitely valuable in the life of the American people but have struck at the roots of self-government. Once this happened it is not the cost of a few score millions but we are faced with the abyss of reliance in future upon Government charity in some form or other. The money involved is indeed the least of the costs to American ideals and American institutions.

What does Hoover believe about direct aid? Do you think he convinces the American people? What do you think about direct aid?

1932 election: F.D.R.'s view of Government

ROOSEVELT'S VIEW OF GOVERNMENT

In a campaign address on October 13, 1932,

Franklin Roosevelt explained how he viewed the duties and responsibilities of the federal government. Below is an excerpt from the speech.

The first principle I would lay down is that the primary duty rests on the community through local government and private agencies; to take care of the relief of unemployment. But we then come to a situation where there are so many people out of work that local funds are insufficient.

It seems clear to me that the organized society known as the State comes into the picture at this point. In other words, the obligation of government is extended to the next higher unit.

It took the present Republican administration in Washington almost three years to recognize this principle. I have recounted to you in other speeches, and it is a matter of general information, that for at least two years after the crash, the only efforts made by the national administration to cope with the distress of unemployment were to deny its existence...

I have constantly reiterated my conviction that the expenditures of cities, states, and the federal government must be reduced in the interest of the nation as a whole. I believe that there are many ways in which such reduction of expenditures can take place, but I am utterly unwilling that economy should be practised at the expense of starving people.

We must economize in other ways, but it shall never be said that the American people have refused to provide the necessities of life for those who, through no fault of their own, are unable to feed, clothe, and house themselves. The first obligation of government is the protection of the welfare and well-being, indeed the very existence, of its citizens. . . .

Name _____
Date _____

US32
B/H/T

F.D.R.'S Inaugural Address (1933)

radiated confidence as he pledged a New Deal for the American people. Roosevelt won the presidency in a landslide (472 electoral votes to 59) and the Democrats gained control of both houses of Congress. But in the four long months between the election and inauguration—soon remedied when the Twentieth Amendment moved the inauguration from 4 March to 20 January—the Great Depression worsened: Unemployment increased, more businesses failed, and there were numerous “runs” on banks, as panicked depositors withdrew life savings which forced some banks to close their doors. On inauguration day 80 percent of America’s banks were closed (either by declared state holiday or by failure) and the country was near economic ruin. Roosevelt’s inaugural address, excerpted below, exuded a sense of vigor and action at a time when Americans suffered a crisis of confidence.

QUESTIONS TO CONSIDER

1. In what ways does Franklin Roosevelt seek to build the American people’s confidence?
2. What does Roosevelt believe are the significant problems facing the nation?
3. How does he propose to solve them?
4. For what purposes does Roosevelt refer to the crisis as similar to war?
5. What is the significance of this speech?

I am certain that my fellow Americans expect that on my induction into the Presidency I will address them with a candor and a decision which the present situation of our Nation impels. This is preeminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great Nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself—nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance. In every dark hour of our national life a leadership of frankness and vigor has met with that understanding and support of the people themselves which is essential to victory. I am convinced that you will again give that support to leadership in these critical days.

In such a spirit on my part and on yours we face our common difficulties. They concern, thank God, only material things. Values have shrunk to fantastic levels; taxes have risen; our ability to pay has fallen; government of all kinds is faced by serious curtailment of income; the means of exchange are frozen in the currents of trade; the withered leaves of industrial enterprise lie on every side; farmers find no markets for their produce; the savings of many years in thousands of families are gone.

“Inaugural Address, March 4, 1933,” *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 2: *The Year of Crisis, 1933*, comp. Samuel I. Rosenman (New York, 1938), 11–16.

More important, a host of unemployed citizens face the grim problem of existence, and an equally great number toil with little return. Only a foolish optimist can deny the dark realities of the moment.

Yet our distress comes from no failure of substance. We are stricken by no plague of locusts. Compared with the perils which our forefathers conquered because they believed and were not afraid, we have still much to be thankful for. Nature still offers her bounty and human efforts have multiplied it. Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. . . .

Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and courageously. It can be accomplished in part by direct recruiting by the Government itself, treating the task as we would treat the emergency of a war, but at the same time, through this employment, accomplishing greatly needed projects to stimulate and reorganize the use of our natural resources.

Hand in hand with this we must frankly recognize the overbalance of population in our industrial centers and, by engaging on a national scale in a redistribution, endeavor to provide a better use of the land for those best fitted for the land. The task can be helped by definite efforts to raise the values of agricultural products and with this the power to purchase the output of our cities. It can be helped by preventing realistically the tragedy of the growing loss through foreclosure of our small homes and our farms. It can be helped by insistence that the Federal, State, and local governments act forthwith on the demand that their cost be drastically reduced. It can be helped by the unifying of relief activities which today are often scattered, uneconomical, and unequal. It can be helped by national planning for and supervision of all forms of transportation and of communications and other utilities which have a definitely public character. There are many ways in which it can be helped, but it can never be helped by merely talking about it. We must act and act quickly.

Finally, in our progress toward a resumption of work we require two safeguards against a return of the evils of the old order; there must be a strict supervision of all banking and credits and investments, so that there will be an end to speculation with other people's money; and there must be provision for an adequate but sound currency.

These are the lines of attack. I shall presently urge upon a new Congress, in special session, detailed measures for their fulfillment, and I shall seek the immediate assistance of the several States. . . .

I am prepared under my constitutional duty to recommend the measures that a stricken Nation in the midst of a stricken world may require. These measures, or such other measures as the Congress may build out of its experience and wisdom, I shall seek, within my constitutional authority, to bring to speedy adoption.

But in the event that the Congress shall fail to take one of these two courses, and in the event that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crises—broad Executive

power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe.

For the trust reposed in me I will return the courage and the devotion that befit the time. I can do no less.

We face the arduous days that lie before us in the warm courage of national unity; with the clear satisfaction that comes and precious moral values; with the clean satisfaction that comes from the stern performance of duty by old and young alike. We aim at the assurance of a rounded and permanent national life.

We do not distrust the future of essential democracy. The people of the United States have not failed. In their need they have registered a mandate that they want direct, vigorous action. They have asked for discipline and direction under leadership.

They have made me the present instrument of their wishes. In the spirit of the gift I take #3-

In this dedication of a Nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come.

23.1: A New Deal Fights the Depression

Homework Assignment

Name: _____

Part I: While reading, list the problems that President Roosevelt confronted and how he tried to solve them.
BE SPECIFIC. BE THOROUGH.

Problems	Solutions

Part II: On the back of this sheet, please identify the following terms:

100 Days, New Deal, NIRA, Deficit spending-Keynesian Economics, Fireside Chats, FDIC, TVA, NRA, "Court Packing Bill," Huey Long, Farther Charles Coughlin

FDR's Three R's: Relief, Recovery, Reform

Goals:

Relief:

- To immediately relieve the panicking & stress of the Great Depression
- To assist distressed people through direct monetary payments and/or loans
- Mostly temporary
- Created jobs to curb unemployment (ex. CCC)

Recovery:

- To aid farmers, business owners, and workers-especially in industries troubled most in the 1920s (ex. Construction)
- To get the economy moving again & lift the country out of depression
- To not only improve present economic conditions in the country by providing work, but also through production of public works that make a lasting impact on America (ex. Parks, schools, roads, dams, etc.)
- Solve overproduction and under-consumption

Reform:

- To eliminate abuse in the economy
- To prevent future depressions
- To protect ALL Americans-investors, consumers, etc. in the future
- To fix structural problems with the economy that caused the Great Depression

The 20th Century: The 30s

Video Guide

Name: _____

US 32

Hoover's Response

1. The republican presidents Harding, Coolidge and Hoover took what approach to the economy?
2. What were Hoover's 2 big mistakes in responding to the Great Depression?
3. Many Americans were troubled that Hoover was willing to sign appropriations that provided feed to starving livestock but that he was unwilling to provide direct relief to starving people. Explain his thinking.
4. Some 1932 stats:
 - _____ of the nation's people unemployed
 - _____ of home mortgages in default (with about 1000 foreclosures per day)
 - _____ banks closing per year
 - over _____ rural schools didn't open for the 1931-2 school year (means ~25,000 students w/o classes)
5. The Bonus Army consisted of _____ who wanted an early payment of their war bonus (like a one-time retirement check). Why did they eventually leave Washington D.C.?

The New Deal

6. What was the impact of Roosevelt's battle with Polio on his political approach/philosophy?
7. Famous words from Roosevelt's famous inaugural address in 1933: "The only thing we have to _____ is _____ itself."
8. What did Roosevelt ask from Congress to deal with the crisis?
9. What problem did Roosevelt set out to fix first?
10. List three famous national structures that were constructed during the New Deal?

11. What were the goals of the TVA (Tennessee Valley Authority)?

12. What was the main criticism of the TVA?

13. What was the goal of the CCC (Civilian Conservation Corps)?

14. What were did the Federal Arts Program and the WPA artistic divisions accomplish? Do you think this was a good use of government money?

15. What did the 21st Amendment do?

16. According to historian Howard Zinn, the New Deal _____ but didn't end the suffering of the Great Depression; it did prevent open rebellion.

17. Provide evidence that this was a time of tremendous social unrest, a time when the people were taking matters into their own hands.

18. Organized labor had a hard / good time in the early 30s. Explain.

19. List factors led to organized labor's comeback in the middle and late 30s?

20. The New Deal created a "Safety Net;" what reforms to the working person's life were part of this?

21. Why did some members of the "capitalist class" like the New Deal?
22. _____ said, "Every man a king," and he especially meant himself! What did this phrase mean?
23. What can we conclude from the fact that Americans treated outlaws like Bonnie and Clyde with such reverence?

Black America during the Depression

24. The 1936 Olympics were held in _____, Germany where black track star Jessie Owens undermined Hitler's dream of proving the superiority of the "Aryan" race by winning and winning and winning!
25. In many ways, the Depression hit black America hardest: African Americans made up _____ percent of the relief rolls during the Depression and were usually the _____ to be hired and the _____ to be fired.
26. In 1933 the Federal Government failed (again) to make _____ a federal crime.
27. The _____ boys were falsely accused, convicted and sentenced to death for the rape of 2 white girls. (They were not ultimately executed, but found innocent on appeal.)
28. How, according to the video, did successes in sports and music help African Americans advance their claim to equal citizenship?
29. Why did Marion Anderson have to sing at the Lincoln Memorial?
30. What was Eleanor Roosevelt's contribution to the tradition of liberalism in the US?
31. As a result of the persistence of unequal treatment they received, many African Americans were drawn to the _____ party in the 30s.

Alphabet Soup: New Deal Agencies

Complete the chart below on the following New Deal Agencies

Agency	What did it do?	Is it Relief, Recovery, Reform or a combination? Why?
1. Tennessee Valley Authority (TVA)		
2. Social Security Act		
3. Federal Deposit Insurance Corporation (FDIC)		
4. Civilian Conservation Corps (CCC)		
5. Works Progress Administration (WPA)		
6. Wagner Act		

7. Securities and Exchange Commission (SEC)		
<i>Using the agencies listed above, determine which group of people was helped by which agency.</i>		
8. Elderly		
9. Unskilled Workers		
10. Artists/Writers		
11. Stock market investors		
12. Bank Depositors		
13. Rural Families with no electricity		
14. Southern & Southwestern Americans		
15. Construction workers		
16. Labor Unions		
17. Unemployed People		

**Gathering Evidence: Did the New Deal promote or
hinder American ideals?**

As you travel through each station, read each document and record the evidence that can be used to defend both sides of the above question.

Promote	Hinder

Promote	Hinder

Promote	Hinder

Did the New Deal Work?

By MATTHEW BANDYK

Posted: April 11, 2008

While today's economic slowdown pales in comparison to the Great Depression, when it comes to political action, the ghost of the 1930s may still be haunting Washington, D.C. President Franklin Roosevelt explained the need for the New Deal this way in his 1932 address to the Democratic National Convention: "While [Republicans] prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings."

That's not so different from the sentiment behind modern-day calls for action, like Rep. Barney Frank's plan to bail out homeowners. When the market takes a wrong turn, it's the job of government to grab the wheel—by boosting spending or cutting taxes—and steer the economy back on the right path.

But if there's anything more unpredictable than the direction of the market, it's the effects of government tinkering with economic policy. And even today, economists and historians still vigorously debate not only whether or not the New Deal helped take the country out of the Depression but if it actually made things worse.

A split

Just how divided are experts? In 1995, economist Robert Whaples of Wake Forest University published a survey of academic economists that asked them if they agreed with the statement, "Taken as a whole, government policies of the New Deal served to lengthen and deepen the Great Depression." Fifty-one percent disagreed, and 49 percent agreed. Whaples today says that the New Deal remains a thorny issue for economists because it's so difficult to measure the effects it had on the country. "You need a credible model of the economy, and not everyone is going to agree on what that model should be," he says.

Yet most economists, including defenders of the New Deal, do agree that Roosevelt's policies were far from perfect. The National Industrial Recovery Act of 1933, in particular, gets a lot of blame. It created the National Recovery Administration, a federal bureaucracy that limited competition in various industries by setting prices and wages above market levels. The ensuing upward pressure on the price of goods and unemployment may have turned a bad situation worse. While it benefited some producers, the NRA's policies meant basic goods were more expensive for consumers and jobs harder to come by for people who were already in dire straits.

But the law was struck down by the Supreme Court in 1935, so some argue it did not last long enough to create severe damage. "The NIRA might not have been a good idea," says Eric Rauchway, historian at the University of California-Davis, "but it was not exerting enough of a drag to prevent a rapid rate of recovery. If you look at the economic performance of the 1930s, you see a rapid upward trend."

Fears of confiscation

Just how rapid that trend was, though, depends on whom you ask. Except for a downturn in 1938 (historians still debate its origin), the economy and unemployment did improve after the onset of the New Deal. The country's real gross domestic product fell from \$865 billion in 1929 to \$635 billion in 1933 but rebounded to \$1 trillion by 1940.

The only hiccup was a decline from \$911 billion in 1937 to \$879 billion in 1938. But the percentage of jobless Americans remained in the double digits until the onset of World War II. In 1930, unemployment was at 8.7 percent, and it climbed to 24 percent in 1932 before declining to

the 1930s and more about conflicting philosophies of the role of government.

Rauchway sees the idea of the New Deal as one to be praised. "[The idea was that] government should experiment very carefully around the margins with economic regulation, and you discard the things that don't work and keep the things that do."

Others see the failures of the NIRA and the massive expenditures required for public-works projects as signs that government should try not to tinker around the margins. "All those things did was transfer funds from one group of decision makers—consumers—to another—federal officials," Powell argues. Expect to see these disagreements resurface in debates about the response to today's economic troubles.

Source: <http://www.usnews.com/money/business-economy/articles/2008/04/11/did-the-new-deal-work.html>

Fresh Debate About FDR's New Deal

by Jim Powell

It has been 70 years since Franklin Delano Roosevelt launched his New Deal in an effort to banish the Great Depression of the 1930s -- perhaps the most important economic event in American history. The New Deal was controversial then, and it's still controversial, because it failed to resolve the most important problem of the era: chronic unemployment that averaged 17 percent.

Newsweek columnist Robert Samuelson acknowledged that if World War II hadn't come along, America might have stumbled through many more years of double-digit unemployment. Samuelson, however, is among those who give FDR high marks for handling the political crisis of the 1930s, the worst political crisis this country has faced since the Civil War.

But the political crisis was caused by the double-digit unemployment, and in my new book, *FDR's Folly, How Roosevelt and His New Deal Prolonged the Great Depression* (Crown Forum, 2003), I report mounting evidence developed by dozens of economists, at Princeton, Brown, Columbia, Stanford, the University of Chicago, University of Virginia, University of California (Berkeley) and other universities, that double-digit unemployment was prolonged by FDR's own New Deal policies.

How can that be? Consider just a few of FDR's policies. The New Deal tripled federal taxes between 1933 and 1940 -- excise taxes, personal income taxes, inheritance taxes, corporate income taxes, dividend taxes, excess profits taxes all went up, and FDR introduced an undistributed profits tax. A number of New Deal laws, including some 700 industrial cartel codes, made it more expensive for employers to hire people, and this discouraged hiring.

Frequent changes in the tax laws plus FDR's anti-business rhetoric ("economic royalists") discouraged people from making investments essential for growth and jobs. New Deal securities laws made it harder for employers to raise capital. FDR issued antitrust lawsuits against some 150 employers and companies, making it harder for them to focus on business. FDR signed a law ordering the break-up of America's strongest banks, with the lowest failure rates. New Deal farm policies destroyed food -- 10 million acres of crops and 6 million farm animals -- thereby wiping out farm jobs and forcing food prices above market levels for 100 million American consumers. *FDR's Folly* spells out much more in startling, sometimes hilarious detail.

Robert Bartley, who edited the *Wall Street Journal* for three decades and is now a commentator, called for a fresh debate about the New Deal. Newspaper publisher Conrad Black, author of *Franklin Delano Roosevelt, Champion of Freedom*, responded by claiming that if "workfare" recipients

Relief Administration), refinanced farm and home mortgages, regulated the stock market and banking, guaranteed bank deposits, and established the Tennessee Valley Authority.

There was no great federal blueprint that FDR wanted to impose on the country. He really only had definite plans for farm policy, the Tennessee Valley and the Civilian Conservation Corps. Only when existing appropriations for relief were exhausted did he devise a temporary relief administration. Forty days into the Hundred Days there was no indication that there was to be an industrial recovery program – congressional action forced Roosevelt's hand over that and over public works spending.

There was much talk of the emergency as the equivalent of war and a justification for emergency presidential powers as in a time of war. Wartime agencies from 1917-18 served as model for agencies like the NRA. Many officials who had served in government then returned to Washington in 1933. But, in fact the emergency in 1933 led to constraints rather than opportunities for federal power. The government had to act quickly but there simply was not any established "state capacity" for the government to do so. The federal government, observed one historian, "had almost no institutional structure to which Europeans would accord the term 'the State'." It had neither the information nor the personnel to implement the policies launched in 1933. As a result, bankers themselves had to decide which banks were sound enough to reopen, farmers had to operate the crop control programme, businessmen dominated the formulation and the implementation of the NRA industrial codes, existing state agencies had to administer the relief programme, and the army had to organize the Civilian Conservation Corps.

Similarly, Roosevelt and others had a fatal attraction for one-off quick-fix solutions that would kick-start the economy into recovery without the permanent expansion of the bureaucracy and constant state intervention. Congressional "share the work" schemes, farm proposals for cost of production legislation, retrenchment, public works spending, and above all demands for currency inflation were all in this "start-up" mode. Roosevelt never lost the hope that tinkering with the currency – including the gold-buying experiment – would raise price levels, particularly of farm products and in itself bring recovery.

This concern for the domestic price-level fitted in with his main advisers' conviction that the depression was national in origin and would be solved by nationalist measures. These concerns finally knocked out of the reckoning an internationalist option at the London conference at the start of July. For men like FDR's budget director, Lewis Douglas, balancing the budget was one part of an international rescue package that involved exchange rate stabilization and the removal of trade barriers. Roosevelt believed that currency stabilization would tie his hands as he sought domestic recovery, so he scuppered the London conference.

Why did FDR get support for the banking bail-out and for the dramatic legislation of the Hundred Days? It was not just his communication skills both personally to congressional leaders and journalists and nationally to the radio audience. He was popular, he had been elected by a large majority, and he had survived an assassination attempt. Above all, it was the scale of the depression that made congressional leaders of both parties respond to their constituents' demands to support FDR. Unemployment was at least twenty-five percent, agriculture was devastated, and homeowners and farmers lost their homes and land in the thousands every month. None of the stabilizers that protect Americans nowadays were in place – almost no unemployment relief since private, local and state unemployment welfare funds were exhausted; no guarantee of bank deposits; no unemployment or old age insurance. FDR's opportunity lay in the magnitude of the economic downturn which led political leaders to ignore (temporarily) cherished ideological convictions against government intervention.

From 1933 to 1938 the New Deal instituted reforms that would re-finance the mortgages of homeowners and farmers. They enabled debt-ridden property owners to take out longer-term mortgages and paved the way for a significant expansion of homeownership in the US, although the construction industry did not really start to revive until the late 1930s. The new mortgage arrangements helped the United States eventually to have the highest percentage of homeownership in the world. Farm foreclosures virtually stopped after 1933.

The failure to secure dramatic economic recovery meant that the government had to stay in the business of relief. The Federal Emergency Relief Administration funded state relief programs until 1935. In poor states the federal government put up almost 90% of relief money. Harry Hopkins always wanted to replace the dole with jobs. The Civil Works Administration put people to work temporarily in the winter of 1933-34. In 1935 the Works Progress Administration provided jobs for the unemployed – at its peak forty percent of the nation's jobless. Many WPA jobs were unskilled construction jobs, particularly on roads. They struggled to attain the legitimacy and wage rates of jobs in the private sector. But the WPA provided jobs for artists, middle-class professionals, teachers and students. The range of construction projects from housing projects to high schools to a football stadium at the University of Arkansas created a permanent New Deal landscape at the local level. The WPA showed that government job programmes can be creative and efficient. For all the limitations and conservative stereotyping, WPA jobs were the first indication for many Americans that the federal government took its responsibility for their welfare in an economic downturn seriously.

The Wagner Act of 1935 was perhaps the most remarkable piece of legislation of the whole New Deal. It is difficult to imagine another year in which such a pro-union piece of legislation could have been passed. Anti-union tactics had been largely unrestrained in the United States. The courts, local, and state governments had usually sided with employers. This alignment reflected the fact that in most communities in the United States, the middle class identified with the employer rather than with local strikers. American workers had been encouraged in union organization in the early New Deal, and had launched in 1934 an unprecedented, albeit mostly unsuccessful, wave of strikes. The Wagner Act, by outlawing a host of employer anti-union activities and providing for government-supervised worker elections for union recognition, provided vital protection for union organizers as they organized mass production workers for the first time in 1936 and 1937. Unions provided the radical cutting edge of New Deal politics in the late 1930s. The decade was perhaps the only decade in the twentieth century in which middle-class Americans identified with industrial workers as fellow consumers. From the 1940s onwards middle-class Americans tended to view organized labour as hostile to their interests.

The final cement in a positive relationship between ordinary Americans and their government was the 1935 Social Security Act. Like the Wagner Act, the Social Security Act did not herald a 'second New Deal'; rather it was the culmination of expert reform development and congressional study over a two-year period. The United States had been an "outlier," a "welfare laggard" in the western industrialized world before 1935. For all the limitations of the Social Security Act – regressive taxes, variations in state provision, lack of coverage of some of the neediest Americans, and the lack of health care – it nevertheless represented a quantum leap in social provision. The contributory taxes also ensured that its legacy was permanent. As Roosevelt rightly observed, no future Congress was going to take away benefits that their constituents believed they had paid for.

It was these measures above all that created a half-way political revolution in the United States and bound lower-income voters to the Democratic Party until at least the 1980s and made it the national majority party until the 1990s. But it was only a half-way revolution. FDR never created the unequivocally progressive party that he hoped for. In particular, the southern Democrats,

programs, enough social cohesion to allow its democratic institutions to survive a catastrophic economic downturn intact and to fight a world war successfully. **Anthony Badger** is Paul Mellon Professor of American History at Cambridge University and Master of Clare College. He is the author of a number of books, most recently **FDR: The First Hundred Days** (Hill and Wang, 2008).

Source: http://www.gilderlehrman.org/historynow/03_2009/historian3.php

The New Deal, Then and Now

by Alan Brinkley

No president had ever before intervened in the economy as extensively or aggressively as Franklin Roosevelt did in the 1930s, and the sheer magnitude of his activism and his legislative achievements awed not only many Americans, but much of the world.

And yet this impressive array of achievements – achievements that have had a profound and lasting impact on the government's capacity to support and protect its citizens – did not, in the end, do very much to end the Great Depression. At no time in the first eight years of the New Deal did unemployment drop below fifteen percent. At no time did economic activity reach levels comparable to those a decade earlier, and none of the periods of recovery during the peacetime New Deal lasted very long. So what went wrong? Why did this bold, active, and creative moment in our history prove such a failure at its first and most important task? Part of the explanation was a result of actions the New Deal took, but a larger part of the explanation was a result of things the New Deal did not do.

Some of the New Deal's most important initiatives were, in fact, active obstacles to recovery. The National Recovery Administration, created in 1933 to help stabilize the volatile economy, was enormously popular for a time, mostly because the NRA created the illusion of bold and forceful action. The NRA sought to organize industries through "codes" that would allow corporations to cooperate with one another in keeping production low and prices up. The code authorities were almost impossible to administer, and the NRA was in many ways highly ineffective. But the NRA was even worse when it worked as it was supposed to do, because its goal was exactly the opposite of what the economy needed. Instead of expanding economic activity, the NRA worked to constrict it – artificially *raising* prices just as purchasing power was falling. It was a deflationary force in an economy already suffering severe deflation. The Federal Reserve Board – operating under classical economic assumptions – saw the economic wreckage around them and responded by raising interest rates so as to protect the solvency of the Federal Reserve Bank itself. No one today would even consider high interest rates in a deflationary economy, but the 1930s Fed had not absorbed the new economic ideas that were gradually receiving attention. Milton Friedman wrote (with Anna Schwartz) an essay on the Depression in the 1960s that they entitled "The Great Contraction." They placed much of the blame for this contraction on the flawed monetary policies of the Fed.

But the more important failure of the New Deal was what it did not do. The only way to break the economic deadlock that had paralyzed the American economy in the 1930s was to shock it back to life by enormously expanding economic activity – quickly and decisively. Instead, the New Deal wavered and quibbled – spending large sums of money with one hand while reducing spending with the other. One of the first acts Congress passed for Roosevelt in 1933 was the Economy Act, which slashed government spending in areas that helped reduce economic activity. It cut the salaries (and in some cases the jobs) of government employees, and it dramatically reduced payments to World War I veterans, taking \$500 million from the economy in a single stroke. The Social Security System, so valuable over the long term, was in the short term also a drag on the economy. It began collecting taxes in 1936 but paid out no benefits until the 1940s. In 1937, deluded by a weak economic recovery, Roosevelt (urged on by his Treasury Secretary) set

Assessing the New Deal

Historians, politicians, and average Americans have debated the place of Roosevelt and the New Deal in history for over 60 years. Was he a strong, inspirational leader who restored success to the American democratic system? Was he a leftist, extremist, power-hungry executive? Or was he too conservative and cautious in trying to solve the problems of the Great Depression? Most historians agree that although the New Deal did not solve the problems of the Great Depression, it represented a monumental shift in America's history.

Read the following readings and answer the questions that correspond with each.

Reading # 1: The New Deal in History

1. Why was the Roosevelt era not really a revolution?
2. What are the major achievements of the New Deal? List them all!
3. How was FDR both liberal and conservative?

Reading #2: Critics on the New Deal

1. Why does the author argue that American's economic system has become pre-WWI Europe because of the New Deal?
2. Describe the changes that FDR made in America's economic system,
3. How did FDR change America's political system?
4. Why was this change in the political system so bad?
5. How did America's entry in WWII help Roosevelt?

202 The New Deal in History

For decades now, Americans have been thinking, talking, and writing about the New Deal. During the 1930's—the years of the New Deal—people's feelings were especially strong. Some Americans in those years thought that the New Deal was a radical threat to the American way of life. Others believed that the New Deal programs were moderate reforms necessary to help the nation recover from the depression.

Like other Americans, historians, too, have held strong opinions about the New Deal. In 1945 historian Henry Steele Commager reviewed the record of the New Deal and summed it up in a magazine article. In the following selection,

based on that article, Commager explained his reasons for forming a favorable conclusion about Roosevelt and the New Deal.

Now that the bitter quarrels over New Deal policies have been drowned out by the war [World War II], it is possible to evaluate those policies in some historical perspective. Those policies have been decisively voted for four times by large popular majorities. They have been turned into reality so fully that controversy about them is almost irrelevant. It should be possible to fix, with some degree of accuracy, the place occupied by Roosevelt in American history.

We can see now that the "Roosevelt revolution" was no revolution. Rather it was the high point of 50 years of historical development. Roosevelt himself, though clearly a leader, was an instrument of the people's will rather than a creator of, or a dictator to, that will. Indeed, the issue of the expansion of government control for democratic purposes began in the 1890's. A longer perspective will see the 50 years from the 1890's to the present as a historical unit. The roots of the New Deal go deep down into our past. It is not understandable except in terms of that past.

What was really only a new deal of the old cards looked, to startled and troubled Americans at the time, like a revolution for two reasons. It was carried through with breathless rapidity. And, in spirit at least, it contrasted sharply with what came immediately before it. But if the comparison had been made, not with the Coolidge-Hoover era, but with the Wilson, the Theodore Roosevelt, even the Bryan era, the contrasts would have been less striking than the similarities.

Actually, the precedents for the major part of the New Deal legislation were to be found in these earlier periods. Regulation of rail-

roads and of business dated back to the Interstate Commerce Act of 1887 and the Sherman Act of 1890. The farm relief program of the Populists and of Wilson anticipated much that the Roosevelt administration passed into law. The beginnings of conservation can be traced to the Conservation Act of 1894 and the Reclamation

Power regulation began with the Water Power Act of 1920. Supervision over securities exchanges began with laws of the Harding and Coolidge administrations. Regulation of money is as old as the Union. The fight which Bryan and Wilson waged against the "money power" and Wall Street was more bitter than anything that came during the New Deal. Labor legislation had its beginnings in such states as Massachusetts and New York over 50 years ago. Much of the program of social security was worked out in Wisconsin and other states early in the 1900's.

There is nothing remarkable about this. Nor does it lessen in any way the significance of President Roosevelt's achievements and contributions. It is to the credit of Roosevelt that he worked within the framework of American history and tradition.

What, then, are the major achievements, the lasting contributions, of the first three Roosevelt administrations? First, perhaps, comes the restoration of self-confidence, the reassertion of faith in democracy. Those who lived through the electric spring of 1933 will remember the change from depression and discouragement to excitement and hope. Those able to compare the last decade with previous decades will agree that interest in public affairs has rarely been as widespread, as alert, or as responsive.

All this may seem indefinite. If we look to more definite things, what does the record show? Of primary importance has been the physical rebuilding of the country. It became clear, during the 1920's and 1930's, that the natural resources of the country—its soil, forests, water power—were being destroyed at a dangerous rate. The development of the Dust Bowl, and the migration of farmers to the Promised Land of California, the tragic floods on the Mississippi and the Ohio, dramatized to the American people the urgency of this problem.

Roosevelt tackled it with energy and boldness. The Civilian Conservation Corps enlisted

almost 3 million young men. They planted 17 million acres in new forests, built over 6 million small dams to stop soil erosion, and fought forest fires and plant and animal diseases. To check erosion, the government organized a cooperative program which obtained the help of over one fourth of the farmers of the country. More important than all this was the TVA, a gigantic laboratory for regional rebuilding.

Equally important has been the New Deal achievement in human rehabilitation. Roosevelt came into office at a time when unemployment had reached perhaps 14 million, and when private solutions had failed. It was perhaps inevitable that he should sponsor a broad program of government aid. More important than relief was the acceptance of the principle that the government was responsible for the welfare and security of its people.

That this principle was bitterly opposed now seems hard to believe. Its establishment must stand as one of the main achievements of the New Deal. Beginning with emergency legislation for relief, the Roosevelt program in the end included the whole field of social security—unemployment assistance, old-age pensions, aid to women and children, and public health. It involved programs of rural rehabilitation, the establishment of maximum hours and minimum wages, the prohibition of child labor, and reform in housing.

In the political field the achievements of the New Deal were equally notable. First we must note the steady trend toward the strengthening of government and the expansion of government activities—whether for good or bad only the future can tell. As yet no better method of dealing with the problems of a modern economy and society has shown itself. It can be said that though government today has, quantitatively, far greater responsibilities than it had a generation ago, it has, qualitatively, no greater power. For our constitutional system remains as it always was. All power still resides in the people and their representatives in Congress. They can at any moment take from their government any power.

We seem to have overcome our traditional distrust of the government and realized that a strong state could be used to benefit and advance the nation. That is by no means a New Deal achievement. But it is a development which has gained much from the experience of the American people during the Roosevelt administrations.

It has meant, of course, a marked federal centralization. Along with this has come a great increase in the power of the President. The charge that Roosevelt has been a dictator can be dismissed, along with charges that Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Wilson were dictators. American politics simply doesn't run to dictators. But Roosevelt has been a "strong" executive—as every great democratic President has been a strong executive. There is little doubt that Roosevelt accepted this situation cheerfully.

The New Deal, as far as can be foreseen, is here to stay. There seems no chance of a reversal of any of the major developments in politics in the last twelve years. This was recognized by the Republicans in 1940 and again in 1944. Both platforms endorsed all the essentials of the New Deal.

And what, finally, of Roosevelt himself? It may seem too early to fix his position in our history. Yet that position is reasonably clear. He takes his place in the great tradition of American liberalism, along with Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Wilson. Coming to office at a time when the very foundations of the republic seemed threatened, he restored confidence and proved that democracy could act as effectively in crisis as could totalitarian governments.

A liberal, he put government clearly at the service of the people. A conservative, he pushed through reforms designed to strengthen the natural and human resources

of the nation, restore agriculture and business to their former prosperity, and save capitalism. He saw that problems of government were primarily political, not economic. He saw that politics should control the economy, not the other way around.

"The only sure defense of continuing liberty," Roosevelt said, "is a government strong enough to protect the interests of the people, and a people strong enough and well enough informed to maintain its sovereign control over its government." The Roosevelt administration proved once more that it was possible for such a government to exist, and such a people to flourish, and restored to the United States its position as "the hope of the human race."

READING REVIEW

1. According to Commager, what were the three major accomplishments of the New Deal?
2. Cite two pieces of evidence which Commager used to support his conclusion that the New Deal "is here to stay."
3. Why did Commager reach a favorable conclusion about President Roosevelt and his New Deal policies?

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Reading #2

203 A Critic on the New Deal

The verdict of history about the New Deal has not been all favorable. Some critics of the New Deal charge that it expanded the authority of the federal government by taking away powers of state governments. They point out that the New Deal programs greatly increased the national debt. Critics also argue that the Roosevelt administration helped labor unions to become much too powerful.

John T. Flynn was one of these critics who believed that Roosevelt's New Deal policies were disastrous for the nation. Flynn was particularly worried about the growth of the government bureaucracy and its increasing power. In this selection from his book *The Roosevelt Myth*, written in 1948, Flynn also bitterly attacked Roosevelt himself as well as his policies.

READING FOCUS

1. What lasting changes did Roosevelt's policies have on American economic and political systems?
2. Why did Flynn feel Roosevelt's New Deal policies were disastrous for the nation?

Many good people in America still cherish the false idea that Roosevelt performed some amazing achievement for this country. They believe he took our economic system when it was completely broken down and restored it to vitality. They think he took over our political system when it was weakest and restored it to its full strength. He put himself on the side of the underprivileged masses. He transferred power from the great corporation executives to the simple working people of America. He controlled the adventurers of Wall Street, and gave security to the humble men and women of the country.

But not one of these claims is true. He did not restore our economic system to vitality. He changed it. The system he so stupidly moved us into is more like the bureaucracy of Germany before World War I than our own traditional order.

Before his regime we lived in a system which depended for its expansion upon private investment in private enterprise. Today [1948] we live in a system which depends for its expansion and vitality upon the government. This is a prewar European importation. And it was imported at the moment when it had fallen apart in Europe. In this system the government takes by taxes or by borrowings the savings of all the citizens and invests them in non-wealth-producing undertakings in order to create work.

Behold the picture of the American economy today. In America today every fourth person depends for a livelihood upon employment either directly by the government or indirectly in some industry supported by government funds. There is a public debt of \$250 billion, compared to a pre-Roosevelt debt of \$19 billion, and a government budget of \$40 billion instead of \$4 billion before Roosevelt. Inflation has doubled prices and reduced the lower-paid employed workers to a state of poverty as bad as that of the unemployed in the depression. More

Adapted from The Roosevelt Myth by John T. Flynn.

people are on various kinds of government relief than when we had 11 million unemployed. Bureaucrats are in every field of life. And the President is calling for more power, more price-fixing, more regulation, and more billions. Does this look like the traditional American scene?

No, Roosevelt did not restore our economic system. He did not construct a new one. He substituted an old one which lives upon permanent crises and an armament economy. And he did not by a process of orderly design and building, but by a series of mistakes. He moved one step at a time, in flight from one problem to another. Now we have a state-supported economic system that will continue a little at a time to destroy the private system until it disappears altogether.

Roosevelt did not restore our political system to its full strength. One may like the shape into which he battered it, but it cannot be called a repair job. He changed our political system with two weapons—blank-check congressional appropriations and blank-check congressional legislation. In 1933 Congress gave up much of its power when it put billions into his hands. It gave him a blanket appropriation to be spent at his own will. And it passed general laws leaving it to him, through great government bureaus that he set up, to fill in the details of legislation.

These two mistakes gave Roosevelt a power which he used ruthlessly. He used it to break down the power of Congress and concentrate it in the hands of the executive. The result of these two betrayals—the smashing of our economic system and the twisting of our political system—can only be the planned economic state. This, in the form of either communism or fascism, dominates the entire continent of Europe today. The capitalist system cannot live under these conditions. Free representative government cannot survive a planned economy. Such an economy can be managed only by a dictatorial government. The only result of our present system—unless we reverse the drift—will be the gradual disappearance of the system of free enterprise under a free representative government.

There are people who honestly defend this change. They at least are honest. They believe in a planned economy. They believe in a highly centralized government operated by a powerful executive. They do not say Roosevelt saved our

system. They say he has given us a new one. That is logical. But no one can praise Roosevelt for doing this and then insist that he restored our traditional political and economic systems to their former vitality.

Roosevelt's star was sinking sadly in 1938 when he had 11 million unemployed and when Hitler made his first war moves in Europe. The cities were filling with jobless workers. Taxes were rising. The debt was soaring. The war rescued him and he seized upon it like a drowning man. By leading his country into the fringes of the war at first and then deep into its center all over the world he was able to do the only things that could save him—spend billions to spread the hot flames of war hysteria and put every man and woman into the war mills. Under the pressure of patriotism, he could silence criticism and work up the illusion of the war leader.

On the moral side, I have barely touched that subject. It will all still be told. But go back through the years, read the speeches and platforms and judgments Roosevelt made, and consider them in the light of what he did. Look up the promises of thrift in public office, of balanced budgets and lower taxes, of honesty in government, and of security for all. Read the speeches he made promising never, never again to send our sons to fight in foreign wars. He broke every promise. He betrayed all who trusted him.

The figure of Roosevelt exhibited before the eyes of our people is false. There was no such being as that noble, selfless, hard-headed, wise, and farseeing combination of philosopher, philanthropist, and warrior. It has been created out of pure propaganda. A small collection of dangerous people in this country are using it to advance their own evil purposes.

READING REVIEW

1. (a) Name two myths about Roosevelt. (b) What evidence did Flynn offer to support his conclusion that these were untrue?
2. Describe the changes Roosevelt made in our economic and political systems.
3. According to Flynn, what was the result of a "planned economy"?
4. Why do you think Roosevelt provoked such strong feelings?
5. What do you think of Flynn's criticism of President Roosevelt?

US 32

Foner, Eric. Give Me Liberty!

The New Deal in U.S. History

THE NEW DEAL IN AMERICAN HISTORY

Given the scope of the economic calamity it tried to counter, the New Deal seems in many ways quite limited. Compared to later European welfare states, Social Security remained restricted in scope and modest in cost. The New Deal failed to address the problem of racial inequality, which in some ways it actually worsened.

Yet even as the New Deal receded, its substantial accomplishments remained. It greatly expanded the federal government's role in the American economy and made it an independent force in relations between industry and labor. The government told farmers what they could and

could not plant, required employers to deal with unions, insured bank deposits, regulated the stock market, loaned money to home owners, and provided payments to a majority of the elderly and unemployed. It transformed the physical environment through hydroelectric dams, reforestation projects, rural electrification, and the construction of innumerable public facilities. It restored faith in democracy and made the government an institution directly experienced in Americans' daily lives and directly concerned with their welfare. It redrew the map of American politics. It helped to inspire, and was powerfully influenced by, a popular upsurge that recast the idea of freedom to include a public guarantee of economic security for ordinary citizens and that identified economic inequality as the greatest threat to American freedom.

One thing the New Deal failed to do was generate prosperity. Over 15 percent of the workforce remained unemployed in 1940. Only the mobilization of the nation's resources to fight World War II would finally end the Great Depression.

An Enduring New Deal. A look at how FDR's programs have shaped today's society

BY ERIC DODDS AND REBECCA KAPLAN

10,000

Approximate miles of
highway constructed
by the WPA from
1935 to '37



INFRASTRUCTURE

THE NEW DEAL
An array of projects and programs, including the Tennessee Valley Authority and the Bureau of Public Roads, led to the creation of bridges, highways and other improvements, like the Chickamauga Dam (above).

TODAY
Federal stimulus dollars are being channeled to hundreds of shovel-ready construction projects across the U.S.



BANKING

THE NEW DEAL
The 1933 Glass-Steagall Act established the Federal Deposit Insurance Corporation (FDIC) to insure bank deposits and regulate some operating practices.

TODAY
In October 2008, Congress authorized the Treasury Department to spend \$700 billion to shore up struggling banks.

FDIC Deposit Insurance Coverage



THE ARTS

THE NEW DEAL
The Works Progress Administration (WPA) was home to a variety of programs that aided unemployed artists and writers, including Jackson Pollock and Richard Wright.

TODAY
The National Endowment for the Arts was created in 1965. Controversies over "obscene" work in the 1980s and '90s led to reduced funding.

**'What a record they carved/
After coming half starved/
To work on the F.W.P.'**

—FROM A POEM
BY J.H. NORRIS
ABOUT THE FEDERAL
WRITERS' PROJECT,
WHICH GAVE WORK
TO WRITERS OF ALL
KINDS



AGRICULTURE

THE NEW DEAL
To reduce surpluses that kept crop prices low, the Agricultural Adjustment Administration (AAA) was created in 1933 to pay farmers to keep some fields fallow. After the Supreme Court declared much of the law behind the AAA unconstitutional, Congress found new ways to continue subsidies.

TODAY
U.S. farmers receive some \$5 billion a year in subsidies that Barack Obama has called "wasteful spending."

\$22.54

Amount of the first
monthly Social Security
check, issued to Ida
May Fuller in 1940



SOCIAL SECURITY

THE NEW DEAL
The Social Security Act of 1935 created the nation's first pension system for the elderly, funded by a payroll tax levied on employees and employers.

TODAY
With baby boomers approaching retirement, the Social Security trust fund is running low. Obama's challenge: to maintain an overburdened system without privatizing it.



LABOR

THE NEW DEAL
The 1935 Wagner Act gave workers the right to form unions and bargain collectively. It also created the National Labor Relations Board (NLRB) to oversee union-certification votes and investigate unfair labor practices.

TODAY
The NLRB remains a functioning body, but the percentage of unionized laborers in the workforce has declined from a high of 27% in 1953 to 12% last year.

3 BILLION

Number of trees
planted by the
CCC from
1933 to '42

375

Miles of levees
the WPA had built
or refurbished by
1937



ENVIRONMENT

THE NEW DEAL
After taking office in 1933, F.D.R. created the Civilian Conservation Corps (CCC) to "conserve our precious natural resources." In its nine years, the CCC employed more than 3 million men, who planted trees and fought forest fires.

TODAY
The CCC became the model for many existing state conservation corps as well as the Interior Department's new 21st Century Youth Conservation Corps.

**'People don't
eat in the long
run—they eat
every day.'**

—HARRY HOPKINS,
F.D.R.'S WELFARE
CHIEF, IN RESPONSE
TO CLAIMS HE WAS
NEGLECTING LONG-
TERM RECOVERY



WELFARE

THE NEW DEAL
Whereas private charities previously took the lead in caring for the poor, the New Deal laid the foundation for the modern welfare state by establishing Aid to Dependent Children in 1935, the first federal program offering cash payments to the poor.

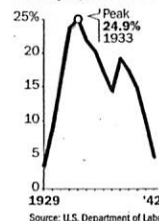
TODAY
The Welfare Reform Act of 1996 transformed the system by imposing a five-year limit on assistance and requiring recipients to be engaged in a search for work.

60 MILLION

Articles of clothing
and bedding
that female WPA
workers prepared
for those in need in
two years

Spreading the word
F.D.R. outlined the
New Deal in a fireside
chat on May 7,
1933. Those talks
later inspired the
weekly presidential
radio address

Unemployment Rate



HOUSING

THE NEW DEAL
The Depression was marked by unsound mortgages and nationwide foreclosures. The Federal Housing Administration was created in 1934 to insure mortgages and help people keep their homes.

TODAY
The past decade saw the growth of risky mortgage practices that contributed to the financial meltdown. Obama announced in February that he would help families lower their monthly payments and refinance their mortgages.



EMPLOYMENT

THE NEW DEAL
Agencies like the WPA, formed in 1935, were established to create work for jobless Americans, whose numbers peaked at 12.8 million in 1933.

TODAY
May's unemployment rate of 9.4% was the highest in 26 years. Federal stimulus funds are intended to help create jobs but initially only slowed job losses.